

# Optimizing Cash Waqf and Cash Waqf Linked Sukuk: The Role of Nazhir and The Strategies

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## Abstract

This study aims to explore the role and strategy of Nazhir in optimizing the management of cash waqf and cash waqf linked Sukuk (CWLS) yields. The method of the study is qualitative descriptive with a case study approach at three Waqf Institutions. The data was obtained through an in-depth interview with key persons from the Central Java Muhammadiyah (PWM Central Java) Waqf and Assets Council, the Nahdlatul Ulama Amil Zakat Institute (LAZISNU), and the Baitulmaal Muamalat. The results of this study emphasized the critical role of Nazhir in managing cash waqf and CWLS yield funds to be distributed to Mauquf 'Alaih. The management of cash waqf by the Central Java Muhammadiyah Waqf and Treasurer Council is carried out in the productive business sector, such as rental equipment, farm investment, and integrated farms in Wonolopo Central Java. Meanwhile, apart from effective businesses, LAZISNU and Baitulmaal Muamalat also manage Cash Waqf through the CWLS scheme. The cash waqf yielded from these three institutions were channeled into the different fields, education, economy, and health, to be specific. For CWLS scheme in particular, the combination of cash waqf and Sukuk can be optimally used as an instrument of great potential to increase the welfare of people in need, especially during the pandemic.

**Keywords:** *Waqf, Sukuk, Cash Waqf Linked Sukuk*

## INTRODUCTION

Indonesia had experienced an economic recession in 2020 due to the Covid-19 pandemic. Indonesia's economic growth was only 2.41% during the first quarter of 2020 or decreased by 2.97% due to the Covid-19 pandemic, even though its economic growth in the fourth quarter of 2019 had already reached 5.02% (Indayani & Hartono, 2020). In the same year, unemployment and poverty rates increased correspondingly. The open unemployment rate rose from 1.84%



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to 7.07% in August 2020 while the poverty rate rose from 0.56% to 9.78% in March 2020 (BPS, 2020). The government then rolled out the post-Covid-19 State Economic Recovery (PEN) program to reduce the post-pandemic impact.

One of the solutions to accelerate post-pandemic recovery is through the use of productive waqf and cash linked sukuk (CWLS). Basically, waqf is a form of Islamic social and financial instrument along with Zakat, Infaq and Sadaqa, however the difference is that the assets that are donated must be eternal and cannot be reduced. The waqf concept was then developed into productive waqf whereby waqf assets are developed through certain businesses and the results of the business can be utilized for beneficiaries and nazhir as well. Currently, many social institutions exist with funds obtained through Waqf and are engaged in productive waqf management to provide guidance and protection to the community (Veithzal Rizal Zainal, 2016). The development of productive Waqf is usually in the form of money or land, which is developed into livestock, agriculture, trade, or shops, which are then managed to be constructive and productive (Inayah Firdaus, 2020). Apart from these forms of productive waqf, another form of productive waqf is cash waqf (Hendrawan, 2020).

Alternatively, CWLS is a cash waqf innovation where waqf assets are used to buy sukuk, the result of which is in the form of coupons that can be utilized. CWLS is present during the Covid-19 pandemic, so the combination of cash waqf and Sukuk, which is an innovation from the development of cash waqf, is expected to help the country's economy with benefits felt by the community, especially for the economic recovery during the Covid-19 pandemic. In addition, by October 2020, the Ministry of Finance had launched Retail CWLS with individual and institutional targets as a step toward the Government's commitment to developing cash waqf that has great potential in Indonesia (Anindhita, 2021).

Practically, the returns obtained from CWLS will be administered by the Nazhir as the manager of waqf funds and activities, which will then be managed and distributed to the community or people with social programs and activities that have been determined by each Nazhir appointed by LKS-PWU with approval from BWI as Nazhir's regulator and supervisor. Therefore, Nazir's task in the CWLS scheme is as a manager. In this case, Nazhir has an influential role in the development of CWLS. Thus, it is perceived that CWLS has the potential as a source of financing for the recovery of economic impacts due to the Covid-19 pandemic (Rahman *et al.*, 2021),

This study focuses on how Nazhir's role and the strategies used in managing and distributing productive waqaf and cash waqf linked sukuk

(CWLS) since Waqf institutions have an essential role in the management of Waqf (Alam *et al.*, 2021). The novelty of this research lies in its research method as previous research on CWLS were only theoretical-based, whereas this research is a field study. The analysis method applied is a qualitative research using a case study approach in three waqf institutions, which are known as Central Java Muhammadiyah (PWM Central Java) Waqf and Assets Council, the Nahdlatul Ulama Amil Zakat Institute (LAZISNU), and the Baitulmaal Muamalat. The sections in this article then consist of a literature review, research methodology, results & discussion, and conclusion.

## LITERATURE REVIEW

### Cash Waqf

Waqf is derived from the word *waqafa-yaqifu-waqfan*, which means to stop, stand in place, or hold back, which is the opposite of the phrase *istamarra* which means to keep going (Atabik, 2014). The meaning of Waqf comes from the Arabic language, which means *al-habs* or to hold, stop, or be silent (Soemitra, 2017). Cash waqf is one of the forms of waqfs of movable objects, which is the type of property submitted by the person who conducts Waqf in the form of rupiah, which can be invested through an Islamic bank as a financial institution (LKS-PWU) (Soemitra, 2017). Based on the Indonesian Islamic Scholar Council (MUI), Cash Waqf is defined as a waqf carried out by a person, group of people, institutions, or legal entities in the form of cash, including securities (Amin *et al.*, 2015)."

The definition of cash waqf by MUI is strengthened by other regulations such as Law Number 41 of 2004 concerning Waqf, "Waqf is a legal act of wakif to separate and hand over part of his property to be utilized forever or for a certain period of time in accordance with its interests for the purposes of worship and general welfare according to sharia."(Act of the Republic of Indonesia Number 41, 2014)

Cash waqf has a noble purpose, and the asset can benefit those who are entitled to receive it in accordance with the guidance of Islamic law. The characteristics of Waqf are perpetual and cannot be canceled, the property that has been donated cannot be revoked by the giver or his heirs, then the waqf property has a continuous nature which means that Waqf is like frozen property and therefore cannot be sold, disposed of, pawned, gifted, bequeathed or alienates in any way (Baiti & Syufaat, 2021).

In the Qur'an, there are verses that explain the concept of Waqf, but it is not explicitly described and does not explain directly. However, many scholars refer to the verses of Waqf, including QS. Ali-Imran (3): 92 and QS. Al-Baqarah (2) : 267. The regulations in Indonesia's positive law governing Waqf are as follows: Law Number 41 of 2004 concerning Waqf and Government Regulation Number 42 of 2006 concerning the Implementation of Law and Number 41 of 2004 about Waqf.

### **Cash Waqf Linked Sukuk (CWLS)**

CWLS is a cash waqf where the collected money is invested in Sukuk. Sukuk is the Islamic Government securities (SBSN) which is safe and risk-free (Yasin, 2021). This CWLS is a manifestation of the effective waqf program from the Indonesian Waqf Board (BWI) in collaboration with the Ministry of Finance and Bank Indonesia (BI) as a facilitator which also involves the Ministry of Finance (Kemenkeu) as a fund manager in the real sector. Another definition of CWLS is also an investment through State Sukuk, which is an alternative investment for Nazhir in the management of cash waqf and other social funds in supporting the community's economic empowerment program and social activities.

CWLS was launched on 14 October 2019 at *the IMF & World Bank Annual Meeting* and was first issued with the SW-001 series on 10 March 2020 in Jakarta by means of a *private placement* to optimize the potential for cash waqf at a reasonable and competitive rate through state-guaranteed Islamic financial instruments. The issuance of CWLS is a concrete form and a commitment from the Indonesian Waqf Board (BWI), the Ministry of Finance, Bank Indonesia (BI), and the Ministry of Religion in their efforts to develop and innovate in the field of Islamic finance and social investment in Indonesia (Karim, 2021). The legal basis for *Cash Waqf Linked Sukuk* is (1) Regulation of the Minister of Finance Bookbuilding Number 69/PMK.08/20201 concerning Amendments to Regulation of the Minister of Finance Number 199/PMK.08/2012 concerning Issuance and Sales of State Sharia Securities by way of Book building in Domestic Primary Market and (2) DSN-MUI Fatwa No. 131/DSN-MUI/X/2019 concerning Waqf Sukuk.

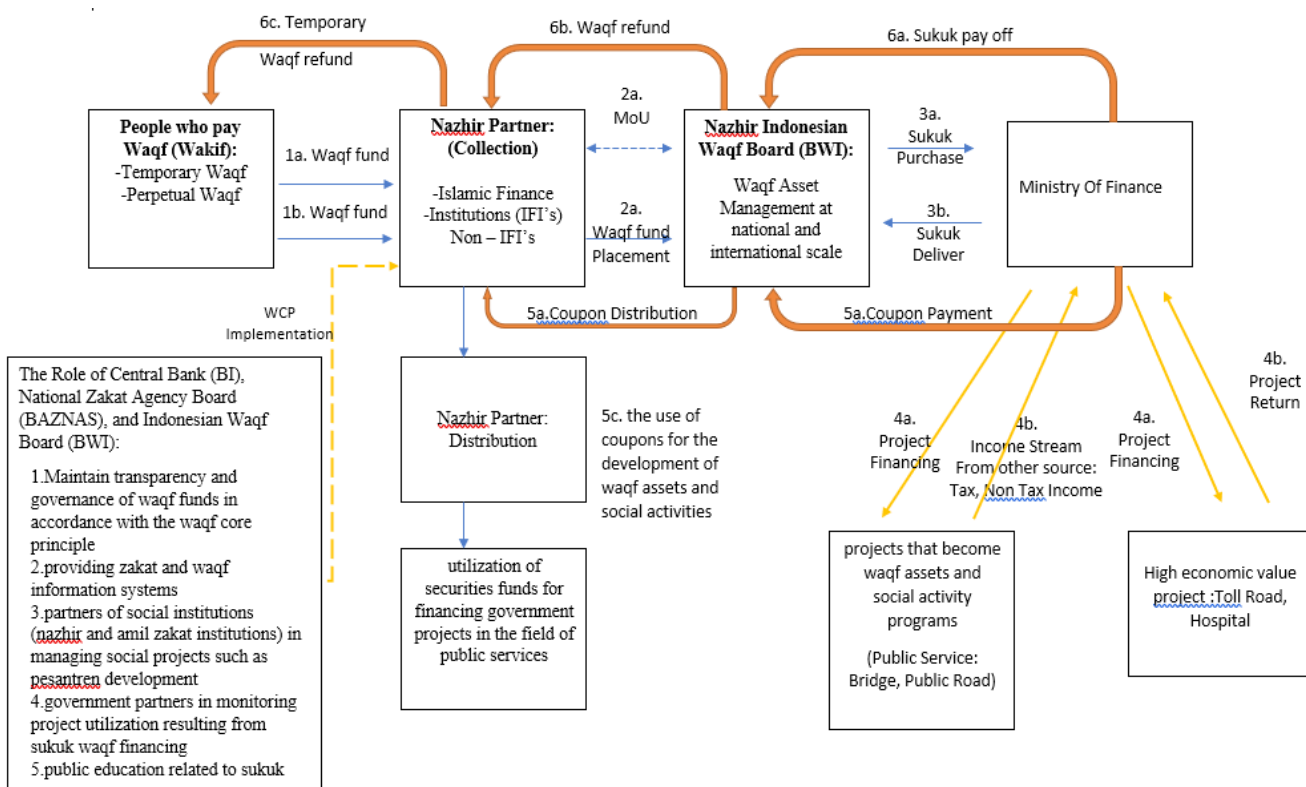
### **CWLS Scheme**

The CWLS issuance scheme is carried out through Islamic Commercial Banks that become LKS-PWU, with a nominal value of 1 million, which is

temporarily collected through LKS-PWU. The yield on Retail CWLS is determined at the beginning of the collection of cash waqf used for financing social programs. The list of programs to be funded has been chosen before the collection period prepared by the Government, BWI, and LKS-PWU. In the CWLS concept, there are several related parties. The first is the wakif or the person who is constituting the Waqf, the second is the Sharia Bank as LKS-PWU, and the third is Nazhir, who is appointed by LKS-PWU. Nazhir is the one who takes care of either an individual or a legal entity who is mandated by the wakif to maintain and manage the waqf property in accordance with its form and purpose, and then it must be carried out in the best possible way (Baiti & Syafaat, 2021)

According to the Indonesian Waqf Board (BWI), CWLS involves five stakeholders: (1) Bank Indonesia as an accelerator in encouraging the implementation of CWLS and Custodian Bank; (2) Indonesian Waqf Board as a regulator, leader, and Nazhir who manages CWLS; (3) The Ministry of Finance as SBSN issuer and fund manager in the real sector; (4) Nazir Productive Waqf as a Partner of BWI in collecting waqf funds; and (5) Sharia Banks as Islamic Financial Institutions Recipient of Cash Waqf (LKS-PWU) and BWI Operational Banks. The scheme of CWLS is as follows:

**Figure 1.** Cash Waqf Linked Sukuk Scheme



Source: Rahayu & Agustianto (2020) namely in economic as well as social.

## RESEARCH METHOD

This research method used a qualitative approach. This type of research uses *field research* with descriptive methods. The descriptive method means that the data in the form of words or pictures are collected during the field observations and then explained in detail according to the research topic. Field research, in which researchers make observations in the field, is usually documented through field notes and analyzed in various ways (Moleong, 2018), while the approach of qualitative methods is a case study. According to Merriam Webster Dictionary a case study means “*an intensive analysis of an individual unit (such as a person or community) stressing developmental factors in relation to environment*” (Merriamwebster,2022). This approach was applied since the emphasis is given on the practical analysis within each Waqf institutions.

Data collection techniques used in this study were obtained through interviews, literature studies in the form of journals about Cash Waqf and CWLS, and documentation. Researchers conducted interviews with in-depth interviews with research subjects to obtain in-depth information by interviewing the Central Java Muhammadiyah Waqf and Treasurer Council, Nahdhaltul Ulama Amil Zakat Institution (LAZISNU) Center, and Baitulmaal Muamalat (BMM) through online platform using *zoom meetings*. The data obtained from in-depth interviews are in the form of perceptions, opinions, feelings, and knowledge (Raco, 2010, p. 110). The data is collected through literature studies from various reference sources, mainly to examine multiple kinds of literature related to Cash Waqf and *Cash Waqf Linked Sukuk* (Raco, 2010, p. 81). Documentation is a record of events in the form of writing, pictures, or monumental works of someone. This method complements the use of interview techniques in the qualitative method used by researchers (Sugiyono, 2013). The source of the data is the subject from which the information is obtained, particularly the respondent or the person who responds to the researcher’s questions (Barlian, 2016).

There are three informants from three Waqf Institutions. First, Mr. F from the Central Java Muhammadiyah Waqf Council, the Treasurer of the Central Java Muhammadiyah Waqf Council. Second, Mr. N from LAZISNU, the Head of the LAZISNU Welfare Program and third, Mr. J from Baitulmaal Muamalat, the Head of the Baitulmaal Muamalat Utilization Fund Distribution Division

Table 1. List of Interviewee

Waqf Institution	Interviewee	Position
Central Java Muhammadiyah Waqf Council	F	Treasurer
LAZISNU	N	Head of Welfare Program
Baitulmaal Muamalat	J	Head of Utilization Fund Distribution Division

The information obtained from the data collection will then be managed and analyzed by systematically compiling them from the interviews, field notes, and documentation, then grouping them into categories, describing them in units, synthesizing them, compiling them into patterns, investigating and making conclusions so that they are easy to understand (Hermawan, 2019). Furthermore, they are analyzed by comparing the theory and practice in the field, and when there are differences occurred, they will be discussed in the synthesis of ideas for *improvement*.

## RESULTS

### **Cash Waqf Management and the Role of Nazhir in the Central Java Muhammadiyah Waqf and Property Council, the Central LAZISNU, and Baitulmaal Muamalat**

The Central Java Muhammadiyah Waqf and Property Council, LAZISNU, and Baitulmaal Muamalat are Nazhir in managing Cash Waqf, which collects, controls, and distributes waqf funds. The three institutions carry out fundraising or raise funds from the public for Waqf. The three institutions are Nazhir from the three Islamic banks that become LKS-PWU, which are Bank Jateng Syariah, Bank Syariah Indonesia (BSI), and Bank Muamalat.

In interviewing the three institutions, the management of cash waqf is not only administered through investments in the real sector but also through Sukuk, as it is known that Cash Waqf Linked Sukuk is a new innovation in the development of cash waqf. Even though they have the same role in managing cash waqf and distributing the yielded funds, the Central Java Muhammadiyah Waqf Council is yet a cash waqf Nazhir for CWLS. However, it does have the same program in helping the welfare of the people by investing cash waqf in

the form of real investment which has only been realized in 2019 since it was first launched in 2016.

Then, the discussion about CWLS in LAZISNU and Baitulmaal Muamalat as the two institutions that have become Nazhir in the management of CWLS. CWLS is present in the midst of the Covid-19 pandemic. Cash waqf, which is included in productive Waqf, can provide benefits if it can be managed optimally, especially with the combination of Sukuk, which continues to increase in the commercial sector in the Islamic Capital Market. Wakif or people who endow cash waqf, which is then collected and placed in the Sukuk instrument, then the proceeds with the return funds from the device are used to finance social programs owned by each Nazhir. With this program, it can help in the recovery of the national economy by providing assistance to people in need, especially during the Covid-19 pandemic, where many people are affected by the economy.

Next is the role of Nazhir as cash waqf. In this case, interviewee F, said that:

*Nazir is the manager of cash waqf, where money is collected and invested in real terms to get returns whose returns will be used for the welfare of the people.*

In a similar context regarding Nazhir's role, interviewee J had revealed Nazhir's responsibilities as follows:

*Nazir is responsible for managing cash waqf into Islamic financial instruments and as a channel for the proceeds of the collected funds for Mauquf 'Alaih.*

Nazhir does not only collect cash waqf funds but is also responsible for managing these funds, of course, through several processes to get returns which are then used to help the welfare of the people or the community through programs launched by each institution; both funds raised invested in absolute terms or through Sukuk into Islamic financial instruments. In carrying out his roles and responsibilities, Nazhir also has the permission from an authorized institution, as stated by interviewee N:

*Nazir is an institution that manages Waqf that has a permit from the Indonesian Waqf Agency (BWI) authority to manage cash waqf.*



Nazhir's task in the Cash Waqf scheme, which is invested in real or CWLS, has a vital role in the development of Cash Waqf itself because Nazhir is the manager who manages the return funds, which are then distributed to the beneficiaries. The existence of Nazhir as a party entrusted with managing and developing Waqf is fundamental. Nazhir's professionalism is the most critical benchmark in the management and development of any Waqf (Sustianti *et al.*, 2020).

### **Developments in the collection of Cash Waqf funds and Cash Waqf Linked Sukuk funds**

The discussion regarding the development of Cash Waqf funds, both through Sukuk and directly invested in real terms, includes how much increase in fund collection from the wakif. In the development of the three institutions, of course, there are differences. Looking at the development side of the Cash Waqf itself, which is managed by Nazhir PWM Central Java, the interviewee F said that:

*In the beginning, around 2016 to 2018, the money was still deposited in the LKS-PWU account, in this case, the Bank Jateng Syariah, because at first, we had not found the most appropriate investment; only then, in 2019 we begin to invest the cash waqf.*

From 2016 to 2018, the funds collected by the Central Java PWM still settled in the LKS-PWU, where the funds are deposited in Bank Jateng Jateng Syariah. The assumption of sum was around 103 million. In 2019, it was only realized by investing the collected waqf funds.

Investments made by PWM Central Java are not in the form of deposits, but waqf funds are invested in the form of tangible assets by buying land and buildings and measuring instruments purchased for around 47 million, which are then rented out to educational institutions in Muhammadiyah which are paid monthly to the bank account. Nazhir waqf money PWM Central Java, the rental fee given is around 2.7 million / month. Then in 2000, there were additional measuring instruments purchased for around 69 million, which are still being rented out until now.

In addition to the investment in the form of building land and measuring instruments, investment is also made by investing in the procurement of sacrificial animals. PWM Central Java has 3.5 hectares of land in Wonolopo,

which is converted into Waqf Integrated Farm or integrated agriculture; the system is not only for agriculture purpose but also livestock, education, culinary, and tourism. The farm is used for the procurement of sacrificial animals, where the collected waqf funds are also invested in the procurement of sacrificial animals. Interviewee F, when interviewed, also said that:

*In the first year, the investment of 50 million received a profit sharing that was said to be sufficient even though the progress had not been too fast. Then in 2022, it began to be reinvested in the amount of 100 million. The assumption is that 100 million is invested after the qurban is submitted a 30% opinion.*

Cash Waqf Linked Sukuk with Cash Waqf, which is invested directly in real terms, has the purpose of helping the welfare of the community. Seeing developments in the management of CWLS, interviewee N, said that:

*Its development at LAZISNU can be said to be quite good, seen at the beginning of the rollout of Cash Waqf Linked Sukuk in 2020 with the SWR-001 series receiving a waqf principal of around 150 million with a yield of 300 thousand per month obtained and then in 2021 with the SWR-002 series getting 6,7 billion assuming the yield obtained is 300 million per year, which means that from 2020 to 2021 the launch of CWLS has increased by several thousand percent, even though it has not actually met the target due to various circumstances.*

Even though they are the same in managing CWLS, LAZISNU has increased from the previous year, meaning that CWLS has been accepted by many people. However, interviewee J as a member of Baitulmaal Muamalat, said that in Baitulmaal Muamalat (BMM), which is the distribution partner of Bank Muamalat, the funds collected from the wakif actually decreased albeit not significantly. The indicators were conveyed by interviewee J through interviews as follows:

*The indicator is that the nominal number of Waqf through the CWLS instrument has decreased because during this pandemic, people are distributing more for emergency things, particularly basic daily needs, so that in the context of investing with CWLS, it has not become a priority for the community, then the indicators that second, regarding the energy of giving or the spirit of sharing which is humanitarian in nature, the challenge is when people*

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*have reduced savings or savings during this Covid-19 pandemic so that the nominal obtained from Waqf with the CWLS instrument has decreased even though it is not significantly.*

It can be seen that the development of CWLS in each Nazhir, both LAZISNU and Baitulmaal Muamalat respectively, are different, of course, also with the indicators behind it including the targets of the wakif so that in the future, it can be an evaluation for each Nazhir in managing and developing the potential of CWLS. Even so, the existence of CWLS, especially during the pandemic, plays a vital role in helping the community's economy through social programs launched by every Nazhir, both LAZISNU and Baitulmaal Muamalat respectively.

In the management of Cash Waqf, whether managed through Sukuk or investment in basic form, each Nazhir has undergone a different development process, but if you look at the development of the three Nazhir, the Central Java Waqf and Treasurer Council, LAZISNU, and Baitulmaal Muamalat, it can be said that it is good even though it must continue ways or innovations so that the management of cash waqf can continue to develop appropriately.

### **Strategies Used in Managing Cash Waqf Returns Through Sukuk and Real Investment**

Each institution that manages and collects Cash Waqf funds certainly has its own goals in implementing the return on funds collected and faces different challenges in each Nazhir. Nazhir PWM Central Java fund has problems in the process of managing cash waqf where the progress has not been too fast due to factors from the Nazhir himself. The lack of fundraising carried out by Nazhir PWM Central Java, who acts as the Waqf and Property Council, is also an obstacle; the number of Waqf is mainly done by word of mouth. This means that there is no specific strategy for collecting waqf funds, such as fundraising either directly or through digital media. In its own management, the investment made by PWM Central Java through several ways; (1) the procurement of qurban animals for profit sharing is given after the end of Eid al-Adha; (2) measurement equipment rental business for academic purposes; and (3) capital investment is also made in a coconut oil factory located in Yogyakarta, where the results received are given around 2 million every month.

The strategies carried out by LAZISNU and Baitulmaal Muamalat as managers of CWLS funds are, first, a strategy to gain public trust by providing

education about the realization of the program launched by Nazhir, clarity of benefits and the flow of program implementation, and accountability. The strategy is also put into motion in order to acquire wakifs to Waqf on the CWLS instrument so as to convince the public to be more concerned with cash waqf, especially this CWLS instrument.

In the management and collection of CWLS funds, it is undoubtedly a challenge for the Nazhirs, so a method or strategy is needed both in managing and distributing the yielded funds as well as in increasing public confidence in the clarity of the benefits. When interviewed, the interviewee J said that:

*In the concept of Waqf, the essential thing to increase trust is accountability.*

Baitulmaal Muamalat made improvements to the flow of the program process that was rolled out, such as whether the planning was appropriate or not, then the assessment and selection process, which was the key to getting the proper beneficiaries of course through the coaching and mentoring process, and the last one was the reporting process which became an issue. It is crucial if the report is problematic; therefore, improvements are needed so that reports on the results of the management and distribution of CWLS funds can be conveyed to the wakif and the general public. Then what LAZISNU did was educating the public to be more aware of the CWLS instrument. In this case, LAZISNU has a marketing program, aiming at socializing CWLS to the public and holding waqf webinars discussing cash waqf, CWLS, and investment.

Interviewee J said that in the context of a pandemic, Nazhir's challenge in dealing with problems that occurred as experienced by Baitulmaal Muamalat was not a big issue, but only a technical drawback like during the Covid-19 pandemic. Many offline activities could not be carried out, so it was in the process of coaching, and the monitoring process for monitoring experienced difficulties because they could not come directly to SMEs, schools, and campuses. This was carried out 100% online by Baitumaal Muamalat so that the distribution process can still run according to plan.

At LAZSINU, the first problem or obstacle experienced was in terms of the acquisition of wakifs for Waqf. Therefore, a strategy was needed to convince the public to be more concerned with cash waqf, especially the CWLS instrument, by continuing to educate the public. The next obstacle is the socialization that cannot be carried out offline due to the Covid-19

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pandemic, so currently, socializing about Cash Waqf Linked Sukuk is carried out online. One of them is by organizing a webinar to socialize about CWLS.

### **Distribution of Cash Waqf Returns Through Sukuk and Real Investment at the Muhammadiyah Waqf Council at LAZISNU and Baitulmaal Muamalat**

Regarding the distribution of return funds, in this case, Cash Waqf invested in real investments such as the procurement of sacrificial animals, capital participation as well as the rental of measuring instruments and buildings at the Central Java PWM, which according to interviewee F as has been carried out whereby he further disclosed about the program targets:

*The profit from the investment returns received is channeled to Mauquf 'Alaih. For instance, there is an SLB Educational Institution or Surya Gemilang Extraordinary School belonging to Muhammadiyah. Then there are Elementary Schools that are considered to be still minus and families or people who cannot afford them.*

In this case, starting from the collection, investment, and up to the distribution, all has been carried out by the Central Java PWM even though it has not used the CWLS scheme. Then, if you look at the implementation in the distribution of CWLS yield funds, interviewee J also said that Baitulmaal Muamalat has rolled out programs to help the community rise from the Covid-19 pandemic, known as the Sahabat UMKM program and in the Scholarship for education sector:

*The first is the Sahabat UMKM program, in particular, to help MSME actors who are the most affected by providing capital assistance from CWLS returns and providing training to MSME actors that have been rolled out in regions in Indonesia. Baitulmaal Muamalat targets SMEs (Small and Micro Enterprises), which are at the lowest level with segmentation in the urban poor because the most significant epicenter of Covid-19 is in urban areas, meaning that the most significant spread of Covid-19 is in urban areas. Second, in the field of education, Baitulmaal Muamalat had rolled out a scholarship program that prioritized underprivileged families for two levels, particularly the campus level and elementary, middle, and high school levels, in the form of providing tuition and coaching funds to break the chain of dropouts for elementary, junior high, and senior high schools.*

*SMA then, at the lecture level, provides assistance to students in semesters five and above with the Muamalat Undergraduate Scholarship program in collaboration with 20 campuses in Indonesia, both public and private.*

According to interviewee N, LAZISNU had also rolled out social programs such as:

*First, the Pesantren Clinic is to assist students in acquiring better health quality and then to improve the quality of teaching and learning activities through support for health and to support national health programs. The two Dhuafa Santri Scholarships are distributed in various regions in Indonesia, such as Jakarta, West Java, East Java, and Central Java. The third is MSME Capital Assistance, as it is known that micro, small and medium enterprises are the business sectors that are most affected by the Covid-19 pandemic.*

The return funds from CWLS are divided into three issues, specifically in education, health, and economic issues, but can only run for two, which are education and economic issues. Issues related to economic and education are feasible, but the same cannot be said for health issue due to insufficient funds for the Pesantren Clinic program.

According to Indra & Hakim, (2020), in their journal on the distribution of CWLS returns, there are three models in empowering CWLS returns for MSME actors. They are, first, the in-kind model by providing Islamic philanthropic funds in the form of production tools needed by the beneficiaries, second, the model qardh al-Hasan or the provision of revolving business capital for MSME actors by using a qardh al-Hasan contract in the form of a business capital loan to start or expand their business, and third, the mudharabah model which is almost the same as the qardh al-Hasan model, except for the mudharabah for MSME actors who use capital. Funds for entrepreneurship are required to return the capital that has been lent along with the profit sharing of their business, but if there is a loss, MSMEs are not required to return the capital received. The distribution model used by Baitulmaal Muamalat is the in-kind model, the qardh al-Hasan model, and the mudharabah model but is also adapted to the assessment of MSME needs in the field and with a routine mentoring process, however for LAZISNU, the model used is more of the Qardhul Hasan model, but will still involve a mentoring process carried out by the Branch Manager.

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## DISCUSSION

Based on the results of the research above, there are several things that the author can discuss for criticism, particularly since Cash Waqf Linked Sukuk or through real investment has the potential to be developed. In its development, Sukuk has excellent potential in sharia investment instruments that bridge Islamic monetary funds to be more productive. Furthermore, waqf funds also have the potential to encourage social activities supported by Sukuk as sharia financial instruments. Sukuk and Waqf are a combination that is expected to boost economic recovery by helping the community with their potential, not only by providing aid funds but also through the program launched by Nazhir, of course, as they are able to bridge the beneficiaries so that they can develop more through coaching. With the existing potential, it should be further developed in the future so that it can continue to provide benefits to many people and bridge the wakif in charity through CWLS. Judging from its development so far, CWLS has made good progress, although socialization must continue to be carried out in the community. This needs special attention from all Nazhir and related stakeholders since each Nazhir had experienced further developments, and some even experienced a decline.

Then community participation in CWLS is still low. This is due to the lack of literacy in the community, so this instrument has not been widely demanded by the wider community, and the funds obtained have not been maximized. In an interview by PWM, Central Java argued that:

*In managing cash waqf, CWLS has not been used; according to F as Treasurer of the Muhammadiyah Waqf and Treasurer Council, CWLS itself for regions is still not massive, and literacy is still low.*

Literacy regarding Cash Waqf, especially CWLS, really needs to be improved, both in providing education to the broader community, especially among the younger generation, to be more aware and by providing an easy way of Waqf in line with growing digitalization by utilizing the development of financial technology as well as possible. Even though Waqf with CWLS can already be done through the LKS-PWU website, but it must be further developed because many people are not able to use this facility. The impact that arises due to the lack of literacy is the minimal role of the community in Waqf with CWLS, so the implementation of the CWLS return fund distribution program has not been fully realized.

Improvement of the CWLS yield fund distribution program can be made through a selection process, training, and mentoring. Of the models and strategies used, of course, there must be assistance that is carried out so that the process of providing this assistance is right on target and used according to needs. Not only by providing assistance but also by providing business training that can help the recipients to be more advanced in entrepreneurship so that they are MSME actors and can develop their businesses. In the context of the pandemic, in particular, the assessment and mentoring process must continue to be optimized so that the return on cash waqf, either through Sukuk (CWLS) or Waqf invested in real terms can be used wisely.

### **CONCLUSION**

Based on the findings and discussion above, it can be concluded that the Central Java Muhammadiyah Waqf and Treasurer Council, LAZISNU, and Baitulmaal Muamalat act as Nazhir in managing Cash Waqf. Nazhir's task in the Cash Waqf scheme, which is invested in tangible and CWLS, has an essential role in the development of the Cash Waqf itself because Nazhir is the manager who manages the return funds, which are then distributed to the beneficiaries. With the development of CWLS in 2020 and 2021, the issuance of retail type CWLS series SWR-001 and SWR-002 has increased at LAZISNU even though the nominal amount of the Waqf received has not reached the target, but it can be said to be quite good. Then in Baitulmaal Muamalat, it was inversely proportional, decreased although not significantly. One of the indicators of this insignificant decline is the reduced public interest in Waqf in the CWLS instrument. In terms of Cash Waqf managed by PWM Central Java, real investment in the form of land rental and measuring equipment, procurement of sacrificial animals, and capital investment continues to be developed even though the progress is still lacking.

The strategy carried out by LAZISNU and Baitulmaal Muamalat as Nazhir in optimizing the CWLS yield funds can be grouped into two things. The first is a strategy to gain public trust by providing education regarding the realization of the program launched by Nazir, clarity of benefits, the flow of program implementation, and accountability. The strategy is also in order to acquire wakifs to Waqf on the CWLS instrument so as to convince the public to be more concerned with cash waqf, especially this CWLS instrument. The second is the strategy to deal with the problems faced by Nazhir by continuing to carry out the assessment, monitoring, coaching, and socialization processes that continue to be carried out as much as possible



even though through online method in the midst of the Covid 19 pandemic so that program objectives can be successfully achieved and on target. Then in Central Java PWM, which acts as Nazhir in optimizing the cash Waqf yields that are managed, the strategy is still word of mouth to collect waqf funds, not using fundraising either directly or digitally.

Implementation in the management of cash waqf yields, both through Sukuk and real investment, can be seen from the programs that have been rolled out for every Nazhir. Baitulmaal Muamalat realized the distribution of CWLS yields on the BMM Sahabat UKM program and scholarships at the elementary, junior high, high school, and college levels. The program can be implemented well even though there is an insignificant decrease from the issuance of the CWLS SWR-001 and SWR-002 series in 2020 and 2021, of course, through a strict assessment process, mentoring, and collaboration with credible partners. Then at LAZISNU, it is divided into three issues, specifically in education, health, and economic such as Islamic Boarding School Clinics, Dhuafa Santri Scholarships, and MSME Capital Assistance. The MSME Capital Assistance Program and the Dhuafa Santri Scholarship can be realized and run well, but the return funds shared on these three issues are not sufficient to realize the Pesantren Clinic program, which requires substantial funds. At the Muhammadiyah Waqf and Property Majlis, particularly at PWM Central Java, the profits from the investment received were distributed to Mauquf 'Alaih, such as the SLB Educational Institution or Surya Gemilang Special School owned by Muhammadiyah. Then, there were also Elementary Schools that were considered to be still minus and families or people who could not afford them. The collection, investment, and distribution have been carried out by Central Java PWM even though it has not used the CWLS scheme.

### **LIMITATION**

The limit of this research lies in the object of research itself whereby until this article was written, there were only three already informed waqf institutions that are willing to implement cash waqf linked sukuk. Hence, this limitation could become a significant direction for further research to explore more waqf institutions that implement cash waqf linked sukuk schemes in the future.

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